

Message Text

CONFIDENTIAL

PAGE 01 PHNOM 04315 240924Z

11

ACTION SS-30

INFO OCT-01 ISO-00 /031 W

----- 072673

R 240400Z MAR 74

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 5485

C O N F I D E N T I A L PHNOM PENH 4315

EXDIS

E.O.11652: GDS

TAGS: EFIN CB

SUBJECT: CAMBODIAN ECONOMIC POLICY

REF: PHNOM PENH 3702/130340Z MAR 74

1. IN AN EFFORT TO BRING TO A HEAD THE EXCHANGES THAT
USAID DIRECTOR OLMSTED AND I HAVE HAD OVER THE PAST WEEK,
I SENT FOLLOWING LETTER TO FINANCE MINISTER KHY TAING LIM
AND NATIONAL BANK GOVERNOR SOK CHHONG YESTERDAY 23 MARCH
(TRANSLATION FROM THE FRENCH).

2. QTE FOLLOWING OUR CONVERSATIONS, I HAVE THE HONOR TO
PROPOSE THE ADOPTION OF THE FOLLOWING SYSTEM TO RESTRAIN
THE INFLATIOF CAUSED BY THE INCREASE IN THE MONEY SUPPLY,
AND TO SHIFT THE CONOMIC BURDEN OF THE WAR FROM THE POOR
TO THE RICH.

(I) IMMEDIATE PROHIBITIO OF LUXURY IMPORTS
FINANCED BY THE ESF OR BY THE NATIONAL BANK;

(II) GOVERNMENT DECISION TO LIMIT TOTAL ANNUAL
BORROWING FROM THE FACILITIES OF THE NATIONAL
BANK TO AN AGREED AMOUNT (SAY SOME 12 BILLION);

(III) DECISION TO REQUIRE 100 PERCENT DEPOSITS ON
CIP IMPORTS, AS WELL AS THE IMPORTS FINANCED
BY THE NOUVEAU MARCHE;

(IV) MONTHLY CALCULATIONS OF BUDGETARY EXPENDITURES,
RECEIPTS, COUNTERPART RECEIPTS, AND THUS THE
DEFICIT FOR THE SUCCEEDING MONTH, FOLLWED BY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PHNOM 04315 240924Z

DECISION ON THE AMOUNT IT IS NECESSARY TO

INCREASE COUNTERPART RECEIPTS (BY DEVALUING THE RIEL) SO THAT TOTAL ANNUAL BORROWING BY THE GOVERNMENT FROM THE NATIONAL BANK NOT EXCEED THE AMOUNT AGREED UNDER POINT (II);

(V) IMPLEMENTATION BY THE NATIONAL BANK OF DEVALUTION THUS DECIDED BY SMALL, ARRATIC MOVEMENTS IN BOTH DIRECTIONS WITH A "TUNNEL";

(VI) IDENTIFICATION OF THOSE DOMESTIC AND IMPORTED GOODS WHICH ARE ABSOLUTE NECESSITIES FOR THE POOR, TO WHICH IT IS APPROPRIATE TO PROVIDE A REGIME OF PRIOR STABILITY (FOR IMPORTED PRODUCTS, A REGIME OF EXCHANGE RATE STABILITY). UNQTE

3. KHY TAING LIM IS ON BOARD FOR THESE PROPOSALS, BUT SOK CHHONG IS ENGAGED IN AVRIOUS RANDOM MOVEMENTS AND MAY NOT FULLY UNDERSTAND THEM. WE ARE TRYING TO GET AGREEMENT IN PRINCIPLE BEFORE KHY TAING LIM LEAVES FOR THE ECAFE MEETING TODAY 24 MARCH. GIVEN THE USUAL KHMER DELAYS, WE SHALL PROBABLY HAVE TO WAIT UNTI HE RETURNS.
ENDERS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC PROGRAMS, ANTIINFLATIONARY PROGRAMS, CREDIT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 MAR 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974PHNOM04315
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740063-0285
From: PHNOM PENH
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740319/aaaaarll.tel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: PHNOM PENH 3702/130340Z MAR 74
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 10 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 JUL 2002 by martinml>; APPROVED <04 FEB 2003 by GolinoFR>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CAMBODIAN ECONOMIC POLICY
TAGS: EFIN, CB
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005